ORDINANCE NO. 2316

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, ADOPTING THE FINAL 2007-2008 BUDGET OF THE CITY COMMENCING JANUARY 1, 2007.

WHEREAS, on or before the first business day in the third month prior to the beginning of the fiscal year of 2007, the City Clerk submitted to the Mayor the estimate of revenues and expenditures for the next fiscal year as required by law, and

WHEREAS, the Mayor reviewed the estimates and made such revisions and/or additions as deemed advisable and prior to sixty days before January 1, 2007, filed the said revised preliminary budget with the City Clerk together with her budget message, as her recommendation for the final budget, and

WHEREAS, the City Clerk provided sufficient copies of such preliminary budget and budget message to meet the reasonable demands of taxpayers and published notice of filing and the availability of said preliminary budget together with the dates of the public hearings for the purpose of fixing a final budget, all as required by law, and

WHEREAS, the City Council scheduled hearings on the preliminary budget for the purpose of providing information regarding estimates and programs, and

WHEREAS, the City Council held public hearings on June 20, October 17, and November 14, 2006, for the purpose of fixing a final budget at which all taxpayers were heard who appeared for or against any part of said budget, and

WHEREAS, following the conclusion of said hearings the City Council made such adoptions and changes as it deemed necessary and proper, now, therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. The final 2007-2008 budget, three copies of which have been and now are on file with the office of the City Clerk, by this reference is hereby

incorporated herein as if set forth in full and said final budget shall be and the same is hereby adopted in full.

Section 2. Attached hereto and identified as Exhibit B-1, is an explanation of the technical corrections between the 2007-08 Preliminary and Final Budgets, Exhibit B-2 which includes the total of estimated revenues/appropriations for each fund and the aggregate totals for all such funds combined and Exhibit B-3 which includes the impacts/outcome upon the City if programs in the 2007-08 Preliminary Budget are not funded.

Section 3. A complete copy of the final 2007-2008 budget, as adopted, together with a certified copy of this adopting ordinance shall be transmitted by the City Clerk to the Division of Municipal Corporations of the office of the State Auditor and to the Association of Washington Cities.

Section 4. This ordinance shall take effect January 1, 2007.

CITY OF REDMOND

COUNCIL PRESIDENT, NANCY MCCORMICK

ATTEST/AUTHENTICATED:

CITY CLERK, MALISA FILES

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

FILED WITH THE CITY CLERK:

PASSED BY THE CITY COUNCIL:

PUBLISHED:

EFFECTIVE DATE:

ORDINANCE NO.: 2316

December 19 ,2000

December 19, 2006

December 25, 2006

January 1, 2007

Exhibit B-1 Technical corrections to 2007-2008 Budget

These changes represent technical corrections to the 2007-08 Budget that are necessary to ensure all revenues and expenditures are properly budgeted and accounted for in compliance with generally accepted accounting principles. These technical corrections include:

General Fund - \$180,143

• \$180,143 for funding received from the State Fireman's Pension Fund. Fire insurance premiums are receipted into the General Fund in accordance with generally accepted accounting principles. These funds are then transferred to the Fireman's Pension Fund to pay pension and medical costs for LEOFF 1 employees. This adjustment was inadvertently omitted in the Preliminary Budget.

Recreation Activity Fund - \$59,000

• This correction appropriates additional revenue from park recreation class fees. These fees will be used to pay for a Preschool Coordinator (.13FTE), Administrative Assistant for the Senior Center (.375FTE), and a Fitness/Field Scheduler (.25FTE) in support of classes and recreational programs offered by the Parks Department. This proposal was included in the Parks Department budget presentation to Council but not in the Preliminary Budget due to an oversight.

Parks Capital Investment Program Fund - \$1,353,841

 Additional impact fees as a result of the rate structure increase approved by Council in August 2006.

Transportation Capital Investment Program Fund - \$2,420,302

• Additional impact fees as a result of the rate structure increase approved by Council in August 2006.

Fire Capital Investment Program Fund - \$34,123

 Additional impact fees as a result of the rate structure increase approved by Council in August 2006.

General Government Capital Investment Program Fund - \$120,977

• Technical correction to match revenue in the Budget to the 6-year CIP.

Water/Wastewater Operating Fund - \$8,486,094

Generally accepted accounting principles require debt proceeds to be receipted
initially into the operating fund before being transferred to the Water/Wastewater
CIP fund. The Utility is scheduled to issue approximately \$8.5 million in debt in
2007-2008 as discussed with the Council as part of the WWW utility rate study.

UPD Operating Fund - \$339,371

This correction reflects the additional revenue from the 11% UPD water rate increase approved by Council as part of the rate review. This incremental revenue was inadvertently omitted from the preliminary budget and will be used to comply with the new 55-day reserve policy.

Water/Wastewater Construction Fund – (\$78,456)

• Technical correction to match revenue in the Budget to the 6-year CIP.

Stormwater Management Operating Fund - \$45,807,436

 In accordance with generally accepted accounting principles, \$40 million in debt proceeds is being receipted into the operations fund prior to transfer to the CIP.
 This adjustment also reflects the payment of principal and interest associated with the new bond issue.

Stormwater Management Construction Fund - (\$27,153)

· Adjustments to match revenues in the Budget to the 6-year Stormwater CIP.

Fleet Maintenance Fund – (\$62,772)

• This change corrects the interfund transfers for fleet maintenance services.

| | | Mayor's | Summary of | Council | 2007-2008 |
|-------|--|-------------------------|------------|--------------|--------------|
| Fund# | Fund Title | Preliminary Budget | Changes | Alternative* | FINAL BUDGET |
| 001 | GENERAL FUND | 126,925,480 | 180,143 | 214,309 | 127,319,932 |
| | SPECIAL REVENUE FUNDS | | | | |
| 110 | Recreation Activity | 4,285,726 | 59,000 | | 4,344,726 |
| 111 | Arts Activity | 598,827 | | | 598,827 |
| 112 | Park Maintenance and Operations | 1,899,473 | | | 1,899,473 |
| 113 | Community Events Fund | 673,902 | | | 673,902 |
| 117 | Cable Access Fund | 1,438,619 | | | 1,438,619 |
| 118 | Operating Grants | 3,964,464 | | | 3,964,464 |
| 119 | Human Services | 1,239,532 | | | 1,239,532 |
| 120 | Fire Equipment Reserve | 3,952,358 | | | 3,952,358 |
| 121 | Operating Reserves | 6,583,636 | | | 6,583,636 |
| 122 | Advanced Life Support System | 10,071,432 | | | 10,071,432 |
| 124 | Aid Car Donation | 153,826 | | | 153,826 |
| 125 | Real Estate Excise Tax | 15,313,407 | | | 15,313,407 |
| 126 | Drug Enforcement | 79,571 | | | 79,571 |
| 127 | Capital Equipment Reserve | 4,720,605 | | | 4,720,605 |
| 130 | Business Tax | 12,325,464 | | | 12,325,464 |
| 131 | Hotel/Motel | 779,427 | | | 779,427 |
| 140 | Solid Waste/Recycling | 1,460,024 | | | 1,460,024 |
| ,40 | Subtotal - Special Revenue Funds | 69,540,293 | 59,000 | - | 69,599,293 |
| | DEBT SERVICE FUNDS | | | | |
| 230 | Debt Service - Excess Levy | 1,552,198 | | | 1,552,198 |
| 233 | Perrigo Park/Grass Lawn | 1,592,945 | | | 1,592,945 |
| | Subtotal - Debt Service Funds | 3,145,143 | - | - | 3,145,143 |
| | CAPITAL PROJECT FUNDS | | | | |
| 314 | Council Capital Projects Contingency | 1,370,487 | | 5,654,514 | 7,025,001 |
| 315 | Parks Capital Projects | 8,974,729 | 1,353,841 | | 10,328,570 |
| 316 | Transportation Capital Projects | 82,825,655 | 2,420,302 | | 85,245,957 |
| 317 | Fire Capital Projects | 5,121,325 | 34,123 | | 5,155,448 |
| 318 | Police Capital Projects | 2,975,712 | | | 2,975,712 |
| 319 | General Government Capital Projects | 13,018,370 | 120,977 | | 13,139,347 |
| 352 | Park Acquisition and Renovation | 194,396 | | | 194,396 |
| 353 | 1993 G.O. Bond Fund - Fire | 82,203 | | | 82,203 |
| | Subtotal - Capital Project Funds | 114,562,877 | 3,929,243 | 5,654,514 | 124,146,634 |
| | ENTERPRISE FUNDS | | B 104 004 | | (2.004.00/ |
| 401 | | 54,518,902 | 8,486,094 | | 63,004,996 |
| 402 | | 17,891,748 | 339,371 | | 18,231,119 |
| 403 | Water/Wastewater General Construction | 19,923,671 | (78,456) | | 19,845,215 |
| 405 | | 21,766,609 | 45,807,436 | | 67,574,045 |
| 406 | | 51,485,812 | (27,153) | | 51,458,659 |
| 407 | | 6,758,904 | 24 527 202 | | 6,758,904 |
| | Subtotal - Enterprise Funds | 172,345,646 | 54,527,292 | • | 226,872,938 |
| | INTERNAL SERVICE FUNDS | 10,551,298 | (62,772) | | 10,488,526 |
| 501 | | | (02,112) | | 2,808,222 |
| 510 | | 2,808,222 | | | 17,376,203 |
| 511 | | 17,376,203 | | | 1,913,911 |
| 512 | | 1,913,911 | | | 7,061,971 |
| 520 | Information Technology Subtotal - Internal Service Funds | 7,061,971 39,711,605 | (62,772) | | 39,648,833 |
| | FINAL 2007-08 BUDGET - ALL FUNDS | 526,231,044 | 58,632,906 | 5,868,823 | 590,732,773 |
| | FINAL 2007-00 BUDGET - ALE FUNDS | 320,231,044 | 30,032,300 | 2,000,022 | 274,500,773 |

Schedule as adopted by Council; December 19, 2006 *Reflects economic contingency and 5% transfer to CIP.

EXHIBIT B-3: Outcomes if New Programs in 2007/08 Budget Not Funded

| Budget Category | Description | Impact |
|-----------------------------------|--|--|
| Finance & Information Services | Business continuity and critical support (1.0 FTE) | Inefficiencies and costs associated with an understaffed Help Desk will continue to cause a productivity and emotional drain on I.S staff. Time to respond to requests for assistance will increase affecting the productivity of all City staff. Departmental projects will be delayed as Network and Application Services are required to assist with the functions of the Help Desk. I.S. will be forced to limit purchase and/or development of software applications to keep ongoing support manageable thereby limiting departments' ability to control their own costs through automation. |
| | Data Security | The City will be in violation of Washington State law for protecting personal information of employees and customers (Social Security Numbers, birthdates, names, addresses). The City will be in violation of Payment Card Industry Data Security Standards for protecting credit card information which may result in significant fines and loss of our ability to take credit cards which will have a significant impact on Development Review and the Permit Center, Parks & Recreation Class Registration, Utility Billing, Police and other functions throughout the City. |
| | City communication disaster recovery | Any disaster that cripples the City's network core will result in 2 - 5 days loss of all communications - telephones, computers, network and Internet connectivity. Police dispatch would have to be handled by Bellevue during the outage. The City would have limited means of conducting any day-to-day business. |
| | Additional one-time funding for Records Management | Discontinuing this project will mean the City will remain in violation of State law regarding records retention. The City will be at risk for lawsuits due to non-compliance with public disclosure laws. |
| | To meet payroll and comply with mandates (1.0 FTE) | Continuing with insufficient staff in payroll will result in overtime demands that are likely to be followed by costly payroll staff turnover. Increased risk of errors. Late reporting of benefit information to the State which is a violation of State law. Cannot meet criteria in union contracts to pay retroactive increases in 30-day period. |
| | Forecasting and financial analysis (1.0 FTE) | Continuing physical and emotional drain on Financial Planning staff who already works considerable overtime, which is uncompensated, to handle an ever increasing workload. User fee studies which should be updated regularly will be done as time permits which historically has been once every 5 years. Jeopardizes critical projects being completed in a timely manner such as the implementation of the new budget system which must be in place by the end of 2007 and mandated quarterly reporting/analysis. No support for outcome based budgeting/performance measurements. No utility tax audits which may be a compliance as well as an equity issue which could potentially increase city revenues. No capacity to take on additional work and support labor negotiations and cost containment programs which could generate savings to the City. |

EXHIBIT B-3: Outcomes if New Programs in 2007/08 Budget Not Funded

| Budget | Description | Impact |
|-----------------|-------------------------------------|--|
| Category | | |
| Executive | Keep Webmaster at full time (.5FTE) | No new web applications or enhancements to existing applications. Existing examples include businesses buying permits online saving them a trip to City Hall, individuals applying for jobs and individuals registering for classes online. Projects currently on the work program that could not be developed or maintained are: Applying for a business license online Paying for false alarms online Paying for utility bills online Signing up to have City information to be automatically emailed out Improving Permits Online to allow more permits to be purchased online During this past budget cycle, a system to organize and manage the site's content was purchased. To reap the benefits of this system, the existing content on the site must be recoded and moved into this system. This work was scheduled for 2007; however, with .5 FTE, this work could not happen. No new sub-websites developed and maintained to provide for new content. Examples include the new transportation site (Redmond.gov/connectingredmond) and the new Redmond.gov/arts site. With .5 FTE, no new content could be added. Currently, neither Police nor Fire have web assistants within their departments to develop content and format it for the website. When they need content added or changed, the Webmaster performs that work. With .5 FTE, that kind of personalized service could not be done. Currently items to be put on the website are posted live within 15 minutes to 8 hours of the Webmaster receiving them from the web assistants. With .5 FTE, that time would grow to 12 to 48 hours. |
| Human Resources | Human Resources Generalist (1.0FTE) | Without this position, cost-containment initiatives will be delayed, the City's ability to attract and retain highly qualified employees will be impacted, and core service delivery may be compromised. Specifically: The escalation of medical benefit costs requires a proactive effort. Currently, the Human Resources staff does not have the resources to research, analyze, select, and implement programs that will reduce this escalation. Far fewer applicants are applying for City vacancies. The Human Resources Department does not have the resources to increase outreach, develop incentives, and market Redmond as an employer of choice. In addition, with many new fire fighters and police officers to hire, more time will be taken away from recruitment and selection efforts to fill other critical City positions. The Human Resources has one labor and compensation analyst FTE. It is currently staffed through two half-time employees. Each of these employees has frequently worked closer to a full-time schedule in order to support the demands of challenging labor negotiations. In addition, these two half-time staff people perform classification and compensation in support of non-represented employees. Staff from Employment and Training is frequently assigned to assist with labor and compensation workloads resulting in delays in filling positions and implementing training initiatives. Each one-percent of payroll is approximately \$500,000 per year. The Human Resources Department has made it a priority to ensure that economic proposals are thoroughly researched, costed, and tested against well-documented market data. |

EXHIBIT B-3: Outcomes if New Programs in 2007/08 Budget Not Funded

| Budget Category | Description | Impact |
|--------------------|--|--|
| Carego, y | | With current staff levels, it is unlikely the Human Resources Department can adequately address the growing demands in this area. |
| Parks | Unfunded Parks Maintenance for completed capital projects | Inability to maintain public parks and landscaping including New City Hall, Parking Garage, Southeast Redmond Park, Juel Park, Edge Skate Park, W. Lake Sammamish Parkway Phase 2, Idylwood Stream landscaping, Bridle Crest trail, Bel-Red Road landscaping, 140th Ave NE landscaping, Union Hill Road landscaping, and street trees Reduced disposal of garbage Increased number of complaints and dissatisfaction with City's parks and open spaces Increased risk of accident for public may result in periodic park closures (note: additional cuts will dramatically increase the areas not maintained) |
| | Teen Center Risk Management | Close Teen Center one additional day a week, reducing service to three days from the current four. Reduced ability to properly administer and manage Center during hours of operation Reduced ability to properly supervise teens that patronize the Center Increased risk to staff and Center patrons, especially with less supervision of weekend staff, may result in additional periodic closures Increased complaints from neighboring residents and businesses. |
| Police | Additional overtime | Force department to prioritize calls. Jeopardize public and officer safety because of staffing shortages. Likely delays in response times as districts run understaffed. Delays in case completion and follow ups. Inability to staff dignitary protection details and honor mutual aid for crowd control and demonstration management. Training will be impacted as staff may not be able to attend courses scheduled during non-regular work hours. When fully staffed, the department will go over budget as 70% of the overtime is not within the control of the department. |

2007/08 General Fund Budget
in Total

prye |

| | | | | | 2005 to Proposed | | 2005 to Council | |
|----------------------|---------------|---------------|----------------|-----|------------------|----------|-------------------|----------|
| | 2005 Revised | 2007 Proposed | Council Budget | 1 | \$ Change | % Change | \$ Change | % Change |
| Budget By Department | | | | D | | | | |
| Executive | \$2,391,945 | \$2,750,552 | \$2,221,846 | Γ | \$358,607 | 15% | (\$170,099) | (7%) |
| Finance | \$11,181,200 | \$13,443,105 | \$11,701,226 | | \$2,261,905 | 20% | \$520,026 | 5% |
| Fire | \$25,215,017 | \$28,932,944 | \$28,818,080 | | \$3,717,927 | 15% | \$3,603,063 | 14% |
| HR | \$1,846,268 | \$2,279,179 | \$2,039,730 | - 1 | \$432,911 | 23% | \$ 193,462 | 10% |
| Legal | \$1,411,553 | \$1,646,377 | \$1,598,719 | } | \$234,824 | 17% | \$187,166 | 13% |
| Legislative | \$324,802 | \$320,872 | \$308,964 | | (\$3,930) | (1%) | (\$15,838) | (5%) |
| Non Dept | \$14,395,695 | \$13,332,580 | \$17,765,169 | | (\$1,063,115) | (7%) | \$3,369,474 | 23% |
| Parks | \$8,731,333 | \$9,922,283 | \$9,504,556 | | \$1,190,950 | 14% | \$773,223 | 9% |
| Planning | \$9,654,630 | \$10,300,741 | \$10,245,596 | 1 | \$646,111 | 7% | \$590,966 | 6% |
| Police | \$23,182,348 | \$27,603,974 | \$26,677,871 | | \$4,421,626 | 19% | \$3,495,523 | 15% |
| Public Works | \$15,362,533 | \$16,390,408 | \$16,258,033 | | \$1,027,875 | 7% | \$895,500 | 6% |
| Fund Wide Reductions | \$0 | \$0 | (\$200,000) | L | \$0 | | (\$200,000) | |
| TOTAL | \$113,697,324 | \$126,923,015 | \$126,939,789 | | \$13,225,691 | 12% | \$13,242,465 | 12% |